

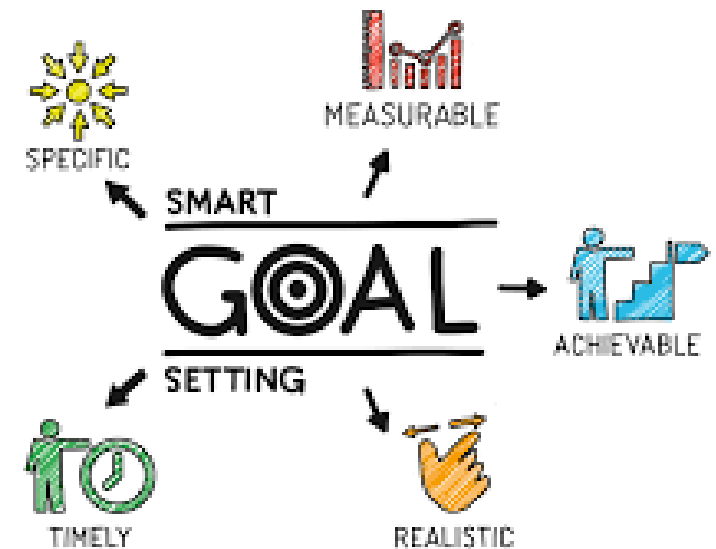
NSE APP, MOBILE & ONLINE TRADING MARKETING & LAUNCH PLAN

MAY 2020



OUR OBJECTIVES

- Primary Objective
 - Spur retail participation in the capital markets by increasing the number of active accounts by **5,000** accounts by December 2020
- Secondary Objectives
 - Capital Markets to be the top preferred investment Avenue
 - Increase trading activity
 - Enhance our brand awareness
 - Drive a savings and investments culture
 - Make investor education fun



MARKET CONTEXT

- With the advent of the COVID-19 health crisis, the NSE has seen the need to put in place measures to support trading in the market while ensuring that we adhere to the laid down GoK health protocols put in place at this time.
- Our key focus is to encourage retail participation in the market.
- There is need to have a mechanism to have our retail continue while complying with the laid down ministry of health directives.
- At present our current investor pool constitutes Foreigner 70%, Local Institutions 25% and retail 5%.
- With government issuing new directives on social distancing and staying home an innovative channel should be created to boost participation.



Challenges

- New taxes on some of the Capital Market Products as well as trading in securities
- Reduced purchasing power amongst investors owing to potential lay offs, reduction in incomes and low economic activity due to Covid-19
- Emerging Competing Products

OUR CHALLENGE



Rationale

- Desire for Financial Gain
- Mitigation of risk
- Diversification

The cycle of market emotions



Emotional

- Desire of Financial Gain
- Fear of Financial Loss.
- Pride of Ownership.
- Security & Protection.
- Comfort and convenience.
- Satisfaction of Emotion

OUR RESPONSE



Rationale

- Market Information, Research & News
- Market Analytical tools & Alerts
- Self-service access to the market



Emotional

- Investing towards their future.
- Take advantage of market cycles to buy when low and some lucrative stocks.
- Simplicity, Convenience & Comfort of Investing from home.

VALUE PROPOSITION

VALUE

- The simplicity and convenience of investing online and through your mobile phone (Investors)
- Opportunity to grow & diversify your investments towards financial independence (Investors)
- Opening up the capital market products investment opportunities for the local (Individuals, Investment Groups, Companies)& (Diaspora) International Clientele (stakeholders)



MOTIVATION

- To Spur Retail Participation in the capital markets.
- Investor Education and provide market information & Knowledge, News
- Digitization of the capital market access & activity

We need to drive a digital investment culture in the capital markets using the mobile & online channels.

Customer segmentation: characteristics, current challenges and value proposition

	Retail Investors			Institutional Investors	Listed Companies
	Speculators	Gatherers	Guardians		
Characteristics	<ul style="list-style-type: none"> High risk takers Buy and Sell Very active in trading Preference for growing wealth 	<ul style="list-style-type: none"> Medium risk takers Buy and Hold Passive in trading Preference for accumulating wealth 	<ul style="list-style-type: none"> Low risk takers Investors hate losing money They invest in investment vehicles where they are assured of returns e.g. government bonds Preference for protecting wealth 	<ul style="list-style-type: none"> Medium-low risk appetite Large investable fund Conversant with NSE products Long-term oriented 	<ul style="list-style-type: none"> Business driven Look out to maximize shareholder value
Current Challenges	<ul style="list-style-type: none"> Inefficiency- inability to quickly get in and out. Market illiquidity Long settlement cycle - T+3 High fees- due to the numerous transactions 	<ul style="list-style-type: none"> Misinformation on tax policies Price sensitive Discouraged by a decline in value of investment Marketing gaps- lack of awareness of all NSE products 	<ul style="list-style-type: none"> Discouraged by a decline in value of investment Competing investing options Marketing gaps- lack of awareness of all NSE products 	<ul style="list-style-type: none"> Punitive regulatory environment Competing investments options Limiting trustee mandates Limiting investment policy 	<ul style="list-style-type: none"> Cost to list Time to close the transactions Public disclosure –loss of confidentiality Compliance burden Loss of control over company
Value proposition (what NSE should offer them)	<ul style="list-style-type: none"> Capital appreciation Diversity of investment options Convenience – Day trading, shorter settlement time and Direct Market Access 	<ul style="list-style-type: none"> Capital appreciation Diversity of investment options Accessibility - Dedicated relationship manager Market tools to track stocks 	<ul style="list-style-type: none"> Diversity of investment options Alternative savings model 	<ul style="list-style-type: none"> Access to low risk investments e.g. Government bonds Enhanced/consistent returns Diversified investment options 	<ul style="list-style-type: none"> Low cost of capital Price discovery Preferential corporate tax rates for 5 years after listing; 2 year tax amnesty for GEMS listings Brand visibility Exit strategy

CURRENT INVESTOR PERSONA

- Gender (R:72)
 - Male – 81.7%
 - Female – 18.3%
- Age (R:72)
 - 18 – 40 years – 81.6%
 - 40.8% - 18- 30 yrs
 - 40.8% - 30 – 40yrs
- Salary (R:72)
 - Kshs. 50K – 200K – 43.7%
 - Kshs. 0 – 50K – 26.8%
 - Kshs. 200 – 500K – 19.7%



STRATEGY

- Market Segmentation
 - Gender
 - Men – Corporate Leaders & Investors
 - Women – Influencers matching our target profile.
 - Caroline Mutoko
 - Maina Kageni
 - Youth – (Nyashinski)
 - Middle class
 - Investor Profiles (Speculator, Gatherers)
 - Investor Categories (retail [LI, EI], diaspora, international [FI])
 - Corporates
 - (Listed Companies, Fund Managers, Market Participant & Industry Stakeholders, Media Houses)
- Testimonials

INVESTING PREFERENCES

- Ever bought/sold shares (R: 2,364)
 - **70.7% -Yes**
 - 29.3% Never
- Ever invested at the NSE (R:72)
 - Yes -83.1%
 - No – 16.9%
- Preferred investment (R: 2,364)
 - Land - 34%
 - Sacco – 24.5%
 - Savings Account – 20.8%
 - **Buying Shares – 11.3%**
 - Buy House for Rent – 9.4%
- Main Reason for not investing (R: 2,364)
 - **Lack of funds – 56.1%**
 - **Lack of Knowledge – 32.7%**
 - No stock broker near me – 9.2%
 - The Process is difficult – 2%
 - NSE Risky – 0%



- Conversion Strategy
- Goal
 - To influence the capital market options as a leading preference
 - Capital Market Product Knowledge
 - How to invest in the capital markets
 - Financial Market News & Corporate actions Real time
 - Drive a savings & Investments culture to achieve financial freedom
 - Make investing fun
 - Encourage collective investments into capital Markets
 - Saccos, Chamas, Families, SMEs
 - Encourage digital financial investing
 - Convenience (Trade, Receive Money Anywhere)
 - Self service
 - Use of alerts

HOW THEY ACCESS TRADING – ONLINE SHARE TRADING

- How they access Trading (R:72)
 - Online – 60%
 - Conventional – 39%
- Satisfaction with Online (R:72)
 - Satisfied - 43.7%
 - Dissatisfied – 56.4%
- Satisfaction with online Reports (R:72)
 - Satisfied with the reports – 35.3%
 - Dissatisfied – 64.7%
- Alerts through SMS or email (R:72)
 - Satisfied – 36.6%
 - Dissatisfied – 63.4%
- Settlement process (receiving and Paying Money) (R:72)
 - Satisfied – 46.5%
 - Dissatisfied – 53.5%



INVESTING PLATFORM PREFERENCES

- Ideal Platform (R: 2,364)
 - Online – 33.3%
 - Broker office – 28.2%
 - Relationship Manager – 15.4%
 - Other – 15.4%
 - Mobile- 7.7%
- Aware if Broker has Mobile Trading Platform (R: 2,364)
 - 54.3% - Yes
 - 45.7% - Not aware
- Preference to switching to Mobile from Online (R:72)
 - Move to Mobile – 71.8%
 - Prefer online – 28.2%



MOBILE TRADING

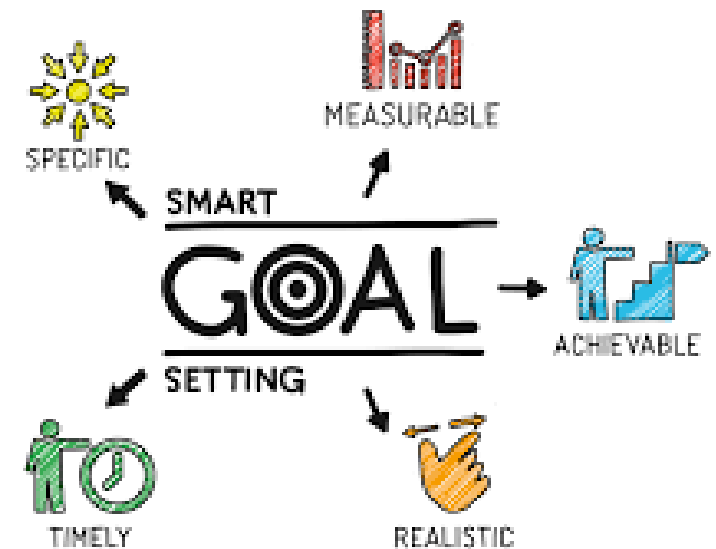
- Reason to Move to Mobile (R:72)
 - Convenience for Trading- 85.9%
 - Increased execution speed- 60.6%
 - Trading Alert- 57.7%
 - Data Visibility- 53.5%
 - Analysis tools – 52.1%
- Main Concerns for Mobile (R: 2,364)
 - Ease of use – 32%
 - Security – 20.8%
 - Trading Amount – 15.2%
 - Funds Transfer – 11.2%
 - Type of phone – 10.4%
 - Other- 10.4%



R: Denotes the number of Respondents that were sampled in the survey

OBJECTIVES OF THE MOBILE LAUNCH

- Why a hard Launch?
- Why industry approach?
- Why the target group?
- Why in June 2020?
- Why at the NSE?



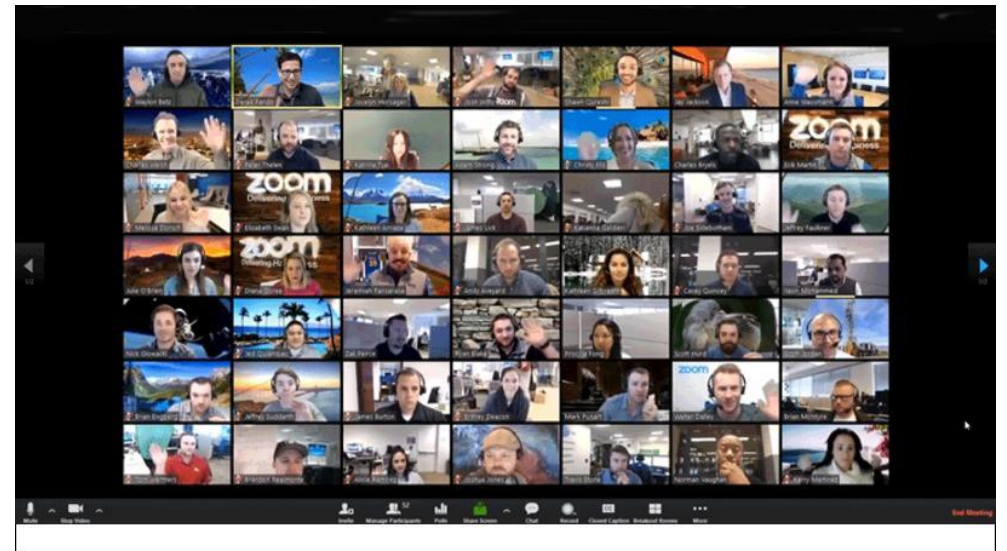
PROPOSED LAUNCH ON 9TH JUNE 2020



- Hybrid Launch Event 8:00 a.m. – 9:30 a.m.
 - 15 Guest & Media at the NSE Trading Floor
 - Chief Guest; CS Mucheru
 - CMA Ag. CEO
 - CDSC CEO
 - NSE Chair/Vice Chair
 - NSE CEO
 - KASIB Chair/CEO
 - Director Isis
 - Platinum Sponsor Trading Participant – Mobile Trading & Online share trading
 - Onsite Media House
 - Head Business Development & Head of Corporate Affairs



- Online Participants on Zoom
 - Investors (50) – Local, Diaspora & International
 - Media – Local & International – (30)
 - Listed Companies (10) & Ibukees (3)
 - Trading Participants –(26)
 - NSE, CMA, CDSC Staff –(100)
 - Service Providers –(10)
 - Celebrities – Charity Trading day – (20)



DRIVING A DIGITAL INVESTMENT CULTURE!



CDSC Chair
Charles Ogalo
Settlement Infrastructure



CMA Chair
Peter Ndegwa
Regulation



**CS ICT, Innovation &
Youth Affairs**
Joe Mucheru



NSE Chair
Sam Kimani
Trading Infrastructure



KASIB CHAIRMAN
Paul Mwai
Intermediaries Role

- It's about Time! Digital Investing the New Normal! – 9:30 a.m. to 10:15 a.m.

Caroline Mutoko
Media Personality



Peter Ndegwa
Safaricom CEO



Panel Moderator Aby Agina
Trading Bell Show Host



Geoffrey Odundo
NSE CEO



**'Nyashinski' -
Nyamari Ongegu**
Musical Artist





THANK YOU

For more information contact us on
commercial@nse.co.ke
 or +254 283 1000

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